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AMENDED IN ASSEMBLY FEBRUARY 20, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 29

Introduced by Assembly Members ~~Kehoe, Goldberg, Shelley, and Simitian~~

(Principal coauthors: ~~Assembly Members Cedillo, Cohn, Nakano, and Wesson~~)

(Coauthors: ~~Assembly Members Alquist, Calderon, Cardenas, Keeley, Koretz, and Pavley~~) *Member Kehoe*

February 5, 2001

~~An act to add Chapter 5.3 (commencing with Section 25425) to Division 15 of the Public Resources Code, relating to energy conservation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately. An act to add Article 2 (commencing with Section 81610) and Article 2.5 (commencing with Section 81620) to Chapter 3 of Part 49 of the Education Code, to add Article 4 (commencing with Section 15350) to Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government Code, to amend Sections 26003 and 26011.5 of, to add Section 26011.6 to, to add Chapter 4.7 (commencing with Section 25370), Chapter 5.3 (commencing with Section 25425), and Chapter 5.35 (commencing with Section 25437) to Division 15 of, and to add and repeal Chapter 4 (commencing with Section 14420) of Division 12 of, the Public Resources Code, to amend~~

Sections 739 and 2827 of, and to add Sections 739.10 and 739.11 to, the Public Utilities Code, relating to energy, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as amended, Kehoe. ~~Energy conservation.~~

(1) Existing law establishes the State Energy Resources Conservation and Development Commission in the Resources Agency, and grants it authority with respect to various energy efficiency measures and programs. Existing law generally permits public agencies to develop energy conservation, cogeneration, and alternative energy supply sources at their facilities in order to promote all feasible means of energy and water conservation. Existing law also generally requires public agencies to meet specified requirements regarding service, consulting, architectural, and engineering contracts, and requires those contracts to be approved by the Department of General Services.

This bill would enact, until January 1, 2002, the Summer 2001 Energy Efficiency Projects by Community College Districts program, which would fund the implementation of energy conservation, efficiency, cogeneration, and alternate energy supply sources by community college districts on public property. The bill would require a community college district to request proposals prior to awarding or entering into a contract, agreement, or lease, and would require the district to award each contract based on the consideration of specified qualifications. The bill would exempt energy projects from specified requirements imposed on contracts entered into by public agencies. The bill would authorize the Director of General Services to exempt any energy project proposed by a community college district from existing advertising and competitive bidding requirements if the director deems the exemption necessary, as specified.

The bill would require each community college district that receives funds from the program to provide a report to the Chancellor of the California Community Colleges, on or before January 1, 2002, and would require the chancellor to report that information to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the appropriate policy and fiscal committees of each house of the Legislature, and the Governor by March 1, 2002.

By imposing additional duties on community college districts, this bill would impose a state-mandated local program.

This bill would establish the Statewide Energy Management Program to assist community college districts to achieve energy independence through the development of energy management plans, the construction of sustainable green buildings, the use of renewable or other distributed energy systems, and the expansion of statewide energy education programs and services, as prescribed. The bill would require the Board of Governors of the California Community Colleges, in consultation with the commission, to develop guidelines for this program.

The bill would require the chancellor to establish an advisory committee to provide recommendations regarding overall program development, resource development and deployment, and strategies for implementation and coordination of the program.

(2) Existing law establishes the Technology, Trade and Commerce Agency with specified powers and duties relating to economic development and science and technology. Existing law requires the energy commission to establish a small business energy assistance low-interest revolving loan program to fund the purchase of equipment for alternative technology energy projects for California's small businesses.

This bill would require the agency to administer the California Renewable Energy Loan Guarantee Program to guarantee loans made by financial institutions to eligible businesses for the permitting, manufacturing, acquisition, construction, or installation of renewable energy systems that are intended to decrease demand on the electricity grid.

(3) Existing law establishes the California Conservation Corps to conserve and develop natural resources, and enhance and maintain environmentally important lands and waters through the use of California's young women and men and to assist these youths in becoming productive adults. Existing law establishes the Department of Community Services and Development to provide a range of services and activities having a measurable and potentially major impact on causes of poverty, and to assist low-income individuals and families, migrants, and the elderly poor to obtain employment, education, income, housing, food, and emergency services.

This bill would create the Mobile Energy Efficiency Brigade, to be implemented by the corps and the department, to expand current weatherization, energy-efficiency, and rehabilitation programs in



accordance with prescribed objectives. These provisions would remain in effect until January 1, 2003.

(4) Existing law requires the energy commission to administer a program of grants and loans with respect to energy efficiency measures and programs.

This bill would authorize the owner of any shopping center, defined by the bill to mean a group of 2 or more retail stores that use common parking facilities or that open to an enclosed common area or a retail store that is at least 1,500 square feet, to request an energy audit to be performed by an electrical corporation or local publicly owned electric utility and to apply to the energy commission for a loan for energy conservation projects identified by that audit. The bill would authorize the commission to disburse loans and establish procedures for the application, disbursement, and repayment of loans, as specified. The bill would limit eligibility for the loans to energy conservation projects that are implemented no later than October 31, 2001.

The bill would create the Energy Conservation Loans to Shopping Centers Account in the General Fund and would continuously appropriate the money in that account to the commission to carry out the bill. The bill would require that any funds in the account not encumbered by October 31, 2001, be transferred to the General Fund.

~~(4) The existing Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to perform specified duties relating to the conservation and development of energy resources.~~

~~This bill would require the commission to administer a grant program for the replacement of energy inefficient appliances. The bill would require the commission to cooperate with state agencies and local community-based organizations to open exchange centers that will assist in the pickup of an old appliance and will certify to the commission that the energy inefficient model was or will be destroyed or dismantled in an environmentally sound manner.~~

~~The bill would authorize the commission to adopt emergency regulations.~~

The

(5) *This bill would also require the energy commission to administer a grant and loan program for eligible construction or retrofit projects, as defined, and the Small Business Energy Efficient Refrigeration Loan Program established by the bill.*

(6) *The existing Energy Conservation Assistance Act of 1979, until January 1, 2011, permits a school, hospital, public care institution, or unit of local government to submit an application to the energy commission for a loan of funds for the purpose of financing all or a portion of the costs incurred in implementing a project, as defined, including an energy conservation project.*

This bill would require the commission to administer a program of grants to a city, county, or special district, including a school district, to fund energy efficiency and conservation projects, as defined, in facilities owned by those entities. The grants would provide up to 50% of the funding for the cost of the projects.

(7) *Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and prescribes the duties of the authority with respect to, among other things, promoting prompt and efficient development of energy sources that are renewable or that more efficiently utilize and conserve scarce energy resources.*

This bill would require the authority to establish a renewable energy program to provide 3% per annum loans to public power entities, independent generators, utilities, or businesses manufacturing renewable energy generation components or systems, or both, to generate new and renewable energy sources, as defined, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies. The bill would require the authority to adopt emergency regulations, and annually report the results of the program to the Legislature.

(8) *Under existing law, the Public Utilities Commission requires every electrical and gas corporation to file a schedule of rates and charges providing baseline rates. In establishing these rates, existing law requires the commission to avoid excessive rate increases for residential customers, and to establish an appropriate gradual differential between the rates for the respective blocks of usage. Additionally, in establishing residential electric and gas rates, including baseline rates, existing law requires the commission to assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable.*



This bill would instead require the commission to establish a 3-tier increasing block rate structure for residential electric customers at the earliest practicable date.

The bill would require the commission, at least until December 31, 2003, to require that all charges for residential electric customers are volumetric, and to prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption unless the charges are in place prior to the effective date of the bill.

This bill would require the commission to make, on a periodic basis, for residential customers, adjustments that are necessary to eliminate any linkage between recovery of an electrical corporation's authorized revenues and its electrical sales.

The bill would also require the commission to undertake any necessary measures to allow for the replacement of nonresidential meters with time-of-use meters under specified circumstances and would provide that nonresidential customers on time-of-use meters are subject to a time-of-use rate schedule.

Because existing law makes any public utility that violates specified provisions regulating public utilities guilty of a misdemeanor, this bill would impose a state-mandated local program by creating a new crime.

(9) Existing law exempts an electrical corporation that provides distribution service for direct transactions from the obligation to provide net energy metering to a customer, if the customer participates in direct transactions with an electric supplier that does not offer net energy metering, and authorizes an electrical corporation that provides distribution service for direct transactions to recover from the electric service provider of a customer that participates in direct transactions the incremental costs of metering and billing service related to net energy metering, in an amount set by the Public Utilities Commission. Existing law also establishes formulas for the calculation of net monthly consumption for eligible customer-generators taking service employing baseline, over baseline, and time use of rates. Existing law, for purposes of those provisions, defines the term "electric service provider" to include specified entities and defines "eligible customer-generator," to mean a residential customer, or a small commercial customer of an electric service provider.

This bill would revise the definition of electric service provider to also include any other entity that provides electrical service. The bill would revise the definition of eligible customer-generator to also include



commercial, industrial, or agricultural customers of an electric service provider. The bill would eliminate certain requirements with respect to the information electric service providers are required to provide to the ratemaking authority relating to total rated generating capacity used by eligible customer-generators.

(10) Existing law requires every electric service provider, upon request, to make available to eligible customer-generators contracts for net energy metering subject to specified limitations on the number of contracts.

This bill would eliminate the specified limitations on the number of contracts.

(11) Existing law specifies that if a customer participates in direct transactions with an electric supplier that does not offer net energy metering, the electrical corporation that provides distribution service for the direct transactions is not obligated to provide net energy metering to the customer.

This bill would, instead, specify that if a customer participates in direct transactions with an electric supplier that does not provide distribution service for the direct transactions, the electrical corporation that provides distribution service for an eligible customer-generator is not obligated to provide net energy metering to the customer.

(12) Existing law requires that each net energy metering contract or tariff be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if that customer was not an eligible customer-generator.

This bill would prohibit eligible customer-generators from being assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility unless the Public Utilities Commission adopts specified charges.

This bill would require the commission to track specified standby and interconnection costs, and system and local benefits provided by eligible net metered end use consumers. The bill would also require the commission to adopt standby charges that accurately reflect the reasonable costs and benefits conveyed by self-generation.

(13) Under existing law, the Department of Community Services and Development is required to receive and administer the federal Low-Income Home Energy Assistance Program Block Grant and



allocate the funds from that grant in a specified manner. Under existing law, a portion of these block grant funds is required to be allocated for weatherization services. The department also receives and administers federal Department of Energy Low-Income Weatherization Assistance Program funds, to provide installation of weatherization measures that increase the energy efficiency of dwellings occupied by low-income persons.

This bill would provide funding to the department for low-income weatherization programs.

(14) Under existing law, the Emerging Renewable Resources Account is created in the Renewable Resource Trust Fund and specified portions of revenues collected by electrical corporations for the benefit of in-state operation and development of existing and new and emerging renewable resource technologies are required to be transmitted to the energy commission for deposit in the Renewable Resource Trust Fund. The money in the fund and the account is continuously appropriated to the energy commission for specified purposes, including a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. Existing law requires this program to provide monetary rebates, buydowns, or equivalent incentives to purchasers, lessees, lessors, or sellers of eligible electricity generating systems and limits the incentives to a maximum percentage of the system price, as defined by the energy commission.

This bill would require the commission to expand existing programs to promote clean distribution generation technologies.

The bill would authorize the commission to increase the maximum rebate levels for certain distributed emerging technologies that have a peak capacity greater than 10 kilowatts, if the commission makes a specified determination.

(15) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.



With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(2)

(16) The bill would appropriate \$200,000,000 or reappropriate \$405,150,000 from the General Fund specified funds to the commission to carry out the above conservation programs, and for allocation to the Public Utilities Commission to replace the meters of nonresidential customers with time-of-use meters that distinguish and measure peak and off-peak energy use for those customers that do not have these meters and whose usage is greater than 100 kilowatts, and if any funds remain available, for those nonresidential customers whose usage is 100 kilowatts or less. The bill would require the Public Utilities Commission to establish a time-of-use rate schedule to which nonresidential customers on time-of-use meters would be subject. The bill would require the Controller to be allocated in accordance with a specified schedule to accomplish the purposes of this bill.

(3)

(17) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—~~

2 *SECTION 1. Article 2 (commencing with Section 81610) is*
3 *added to Chapter 3 of Part 49 of the Education Code, to read:*

4

5 *Article 2. Summer 2001 Energy Efficiency Projects By*
6 *Community College Districts*

7

8 *81610. It is the intent of the Legislature to permit community*
9 *college districts to implement energy conservation, efficiency,*
10 *cogeneration, and alternate energy supply sources on public*
11 *property in accordance with this chapter in the most expedient*
12 *manner possible. It is also the intent of the Legislature that the*
13 *Department of General Services and the California Community*
14 *College system take all steps necessary to ensure that the energy*

1 *efficiency projects contemplated by this chapter are in place by the*
2 *summer of 2001.*

3 81611. *For the purposes of this article, “energy project”*
4 *means equipment, load management techniques, or other*
5 *measures or services that reduce energy consumption and provide*
6 *for more efficient use of energy in buildings or facilities owned or*
7 *operated by community college districts, and that can be*
8 *completed and energy savings realized by the summer of 2001 in*
9 *order to minimize the need for future state resources to pay for*
10 *increased energy costs.*

11 81612. (a) *Notwithstanding any other provision of law, prior*
12 *to awarding, or entering into, any contract, agreement, or lease*
13 *pursuant to this article, a community college district shall request*
14 *proposals from qualified persons. After evaluating those*
15 *proposals, the community college district shall award contracts to*
16 *responsible persons or entities who submit responses to a request*
17 *for proposal which are responsive to the requirements of the*
18 *request for proposals. A community college may award a contract*
19 *for an energy project under this article to any responsible person*
20 *or entity timely submitting a responsive answer to the request for*
21 *proposals based on qualifications, including the consideration of*
22 *all of the following factors:*

23 (1) *Experience of the contractor, architect, engineer, or other*
24 *consultant, as applicable.*

25 (2) *Type of technology to be employed by the contractor on the*
26 *energy project.*

27 (3) *Cost to the district.*

28 (4) *Any other considerations deemed relevant by the district.*

29 (b) *Notwithstanding any other provision of law, community*
30 *college districts may award contracts pursuant to a request for*
31 *proposals issued under this article or award contracts to persons*
32 *or entities selected from the pool of qualified energy service*
33 *companies established pursuant to Section 388 of the Public*
34 *Utilities Code, when it is determined they are qualified to perform*
35 *the work on a particular project. A request for proposal does not*
36 *have to be prepared if a community college district elects to award*
37 *a contract for an energy project to only those persons or entities*
38 *included in the pool of qualified energy service companies under*
39 *Section 388 of the Public Utilities Code. If a community college*
40 *district elects to seek proposals for an energy project pursuant to*

a request for proposals and from the pool of qualified energy service companies under Section 388 of the Public Utilities Code, the community college district shall prepare a request for proposals. Award of such a contract shall be based upon the factors described in subdivision (a).

81613. (a) Notwithstanding the repeal of this section by Section 81615, on or before January 1, 2002, each community college district receiving funds appropriated pursuant to this section shall provide a report to the Chancellor of the California Community Colleges with the following information:

(1) The amount of funding expended.

(2) The measures, programs, or activities funded.

(3) A description of the effectiveness of the measures, programs, or activities funded in reducing peak electricity demand and improving energy efficiency, as measured in kilowatthours of electricity or British thermal unit hours reduced per dollar expended.

(b) Notwithstanding the repeal of this section by Section 81615, on or before March 1, 2002, the Chancellor of the California Community Colleges shall provide a summary of the reports provided pursuant to subdivision (a) to the Chairperson of the Joint Legislative Budget Committee, to the chairpersons of the appropriate policy and fiscal committees of both houses of the Legislature, and to the Governor.

81614. Any contracts entered into pursuant to this chapter by a community college district are exempt from the following requirements:

(a) Architectural, engineering, construction management, and consulting contracts are exempt from Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.

(b) All contracts are exempt from Article 3.5 (commencing with Section 81660).

(c) All contracts are exempt from the publication requirements set forth in Section 81641.

(d) All contracts are exempt from Article 41 (commencing with Section 20650) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code, except that if in the request for proposals for an energy project under this article, a community college district has established a requirement for bid security, a response to the request

1 for proposal will be deemed responsive only if the response is
2 submitted with the required bid security.

3 (e) If the value of a project awarded by a community college
4 district to a contractor to implement an energy project under this
5 article is in excess of twenty-five thousand dollars (\$25,000),
6 regardless of whether the requirement is noted in the request for
7 proposals, the contractor awarded such a contract shall obtain
8 and submit to such a community college district for approval of a
9 Labor and Materials Payment Bond conforming to the
10 requirements of Section 3248 of the Civil Code.

11 (f) If required by the terms of a request for proposals issued by
12 a community college district under this article, the person or entity
13 awarded such a contract shall obtain a performance bond
14 conforming with the applicable requirements of the request for
15 proposals.

16 81615. This article shall remain in effect only until January 1,
17 2002, and as of that date is repealed, unless a later enacted statute,
18 that is enacted before January 1, 2002, deletes or extends that date.

19 SEC. 2. Article 2.5 (commencing with Section 81620) is
20 added to Chapter 3 of Part 49 of the Education Code, to read:

21

22 Article 2.5. Statewide Energy Management Program

23

24 81620. This article shall be known, and may be cited, as the
25 Statewide Energy Management Program.

26 81621. The definitions set forth in this section govern the
27 construction of this article:

28 (a) "Commission" means the State Energy Resources
29 Conservation and Development Commission.

30 (b) "Energy independence" means the utilization of existing
31 and developing technologies to meet energy needs onsite,
32 including, but not necessarily limited to, the utilization of solar,
33 fuel cells, and other renewable and clean onsite energy sources, the
34 optimization of the use of daylighting, the use of passive solar
35 orientation, and the use of construction techniques that minimize
36 energy loss, such as appropriate insulation and lighting fixtures.

37 (c) "Energy management plans" means the plans that
38 community colleges develop with guidance from the Statewide
39 Energy Management Program to implement energy efficiency
40 projects such as sustainable green buildings, renovations, and



1 *wind or solar farms that will move the community colleges toward*
2 *energy independence.*

3 *(d) “Program” means the Statewide Energy Management*
4 *Program, established under this article, which is a state program*
5 *modeled after the Federal Energy Management Program.*

6 *(e) “Renewable or other distributed energy systems” means*
7 *alternative efficient sources of energy such as daylighting,*
8 *photovoltaic panels (rooftops or solar farms), passive solar*
9 *heating, fuel cells, and steam.*

10 *(f) “Sustainable green building” means a building that has*
11 *been designed to reduce both direct and indirect environmental*
12 *consequences associated with construction, occupancy,*
13 *operation, maintenance, and eventual decommissioning, and*
14 *whose design is evaluated for cost, quality of life, future flexibility,*
15 *ease of maintenance, energy and resource efficiency, and overall*
16 *environmental impact, with an emphasis on life-cycle cost*
17 *analysis.*

18 *81622. (a) In consultation with the commission, the Board of*
19 *Governors of the California Community Colleges shall further*
20 *develop and refine certain guidelines for a Statewide Energy*
21 *Management Program that have been established under an*
22 *ongoing joint effort of the commission and DeAnza College. This*
23 *statewide effort shall allow community college districts to achieve*
24 *energy independence through the development of energy*
25 *management plans, the construction of sustainable green*
26 *buildings, the use of renewable or other distributed energy*
27 *systems, and the expansion of statewide energy education*
28 *programs and services.*

29 *(b) By 2010, the program shall, at a minimum, facilitate the*
30 *completion of 20 district energy management plans, 150*
31 *renewable or other distributed energy systems, and 20 sustainable*
32 *green buildings on community college campuses statewide.*

33 *(c) In consultation with the commission, the board of governors*
34 *shall accomplish all of the following:*

35 *(1) Review and comment on academic, occupational, and*
36 *vocational education materials developed by the commission, the*
37 *Electric Power Research Institute, public utilities, and the*
38 *community colleges to improve energy education programs and*
39 *services.*

1 (2) Review and recommend actions regarding successful
2 energy education programs and services that can be identified for
3 replication, personnel exchanges, or implementation of successful
4 practices.

5 (3) Review and recommend actions regarding program
6 resources for use by the community colleges or state agencies in
7 improving energy education programs and services.

8 (4) Review exemplary programs and facilities, and recommend
9 activities for adoption, replication, or policy advice.

10 (5) Review, comment, and recommend actions regarding
11 services that will effect energy conservation.

12 (6) Review and comment on funding requests received to
13 improve or enhance energy education.

14 (7) Review and comment on occupational and vocational
15 training programs and services to meet current employment
16 standards in energy occupations.

17 81623. The board of governors shall encourage the
18 construction of community college sustainable green buildings
19 that implement energy efficiency, sustainable building concepts,
20 and solar electric, fuel cell, and other technologies. On the
21 effective date of this article, the board of governors shall
22 immediately seek a prototype sustainable green community
23 college instructional building that can be a model for all new
24 construction and retrofit projects statewide.

25 81624. The Chancellor of the California Community Colleges
26 shall establish an advisory committee for the Statewide Energy
27 Management Program, and determine the membership of that
28 committee. The advisory committee, with technical assistance
29 from the commission, shall make recommendations to the
30 chancellor regarding overall program development, resource
31 development and deployment, and strategies for implementation
32 and coordination of the program. A leadership role on this
33 committee shall initially be provided by the staff of the commission
34 and DeAnza College who have been involved since 1992 in a joint
35 effort to promote training, energy efficiency, and energy
36 independence in the California Community Colleges. This
37 leadership role shall rotate to other community colleges as they
38 complete their own district energy management plans.



SEC. 3. Article 4 (commencing with Section 15350) is added to Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government Code, to read:

Article 4. Renewable Energy Loan Guarantee Program

15350. The Legislature finds and declares all of the following:

(a) California is experiencing severe electrical shortages, which endanger the health, safety, and economic development opportunity of its citizens.

(b) Immediate measures are needed to increase the electrical generation capacity within California, including energy from economical renewable systems.

(c) California has been a leader in the development of renewable energy systems, from solar to wind to the most advanced fuel cell technology.

(d) California must take all reasonable actions necessary to encourage the continuing construction of renewable energy infrastructure and to maximize reliable, renewable energy systems for homes and businesses.

(e) In order to maximize the commercial lending available to renewable energy projects, it is necessary and appropriate to establish a loan guarantee program to assist in obtaining commercial loans to manufacture, sell, purchase, and install renewable energy system projects.

15351. For the purposes of this article, the following definitions apply:

(a) "Eligible business" means an individual, corporation, political body, partnership, joint venture, association, joint stock company, trust, or unincorporated organization.

(b) "Financial institution" means a financial institution organized, chartered, or holding a license or authorization certificate under a law of this state or the United States to make loans or extend credit, and subject to supervision by an official or agency of this state or the United States.

(c) "Guarantee" means a written agreement between the agency and a financial institution, by which the agency agrees to pay a specified percentage of loan interest and principal for any combination of the following: permitting, manufacturing, acquisition, construction, or installation of one or more renewable energy systems located in the state if the eligible business defaults

1 on the loan and the financial institution complies with the terms of
2 the guarantee.

3 (d) “Renewable energy system” means any device or
4 combination of devices, including distributed generation and
5 cogeneration that meets all of the following requirements:

6 (1) Conserves or produces one or more of the following:

7 (A) Heat.

8 (B) Process heat.

9 (C) Space heating.

10 (D) Water heating.

11 (E) Steam.

12 (F) Space cooling.

13 (G) Refrigeration.

14 (H) Mechanical energy.

15 (I) Electricity.

16 (J) Energy in any form convertible to any of the uses specified
17 in subparagraphs (A) to (I), inclusive.

18 (2) Does not expend or use conventional energy fuels, any fuel
19 derived from petroleum deposits, including, but not limited to, oil,
20 heating oil, gasoline, fuel oil, or natural gas, including liquified
21 natural gas, or nuclear fissionable materials, except as provided
22 in subsection (b) of Section 292.204 of Title 18 of the Code of
23 Federal Regulations.

24 (3) Uses one of more of the following renewable electricity
25 generation technologies:

26 (A) Biomass.

27 (B) Solar thermal.

28 (C) Photovoltaic.

29 (D) Wind.

30 (E) Geothermal.

31 (F) Small hydropower (30 megawatts or less).

32 (G) Digester gas.

33 (H) Landfill gas.

34 (I) Municipal solid waste.

35 15352. (a) The agency shall administer the California
36 Renewable Energy Loan Guarantee Program to guarantee loans
37 made by financial institutions to eligible businesses for the
38 permitting, manufacturing, acquisition, construction, or
39 installation of renewable energy systems that are intended to
40 decrease the demand on the electricity grid.

(b) Notwithstanding any other provision of this article, the California Renewable Energy Loan Guarantee Program shall not be used to guarantee a loan for any small hydropower project that will require a new or increased diversion from any natural stream, lake, or other body of water, as described in Section 1200 of the Water Code.

15353. (a) The secretary shall establish a Renewable Energy Loan Guarantee Committee for the purpose of approving loan guarantees based upon the criteria and procedures established by the agency. The secretary may include agency staff, the Director of Finance, representatives of other state agencies, and representatives of the public on the committee.

The secretary or his or her designee shall serve as the chairperson of the committee.

(b) The committee shall do both of the following:

(1) Hold regularly scheduled meetings, at least quarterly, to carry out the objectives and responsibilities of the committee.

(2) Approve loan guarantees under this article.

(c) The committee shall not approve any guarantee without a determination that, at a minimum, the applicant appears able to repay the guaranteed financing and the financing is adequately collateralized.

15354. (a) The Renewable Energy Loan Guarantee Committee shall comply with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7), except as specified in subdivision (c).

(b) To the extent that the committee is subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part (1), loan guarantee reviews described in paragraph (2) of subdivision (c) shall be exempt from the requirements of the act.

(c) The California Public Records Act and the Bagley-Keene Open Meeting Act shall not apply to the following activities of the committee:

(1) The disclosure of financial data contained in applications for loan guarantees from the Renewable Energy Loan Guarantee Committee, where the committee determines that disclosure of the financial data would be competitively injurious to the applicant. For this purpose, financial data includes, but is not limited to, financial statements, details of accounts receivable and accounts

1 payable, income tax returns, owner-officer compensation records,
2 collateral details, cash-flow analysis, orders, contracts, financing
3 commitments and agreements, and other documents that would
4 disclose specific names or addresses of customers and suppliers,
5 potential customers and suppliers, or agency and consultant
6 reports analyzing the financial data.

7 (2) Any loan guarantee review by the Renewable Energy Loan
8 Guarantee Committee. For this purpose, the committee or a
9 subcommittee of the committee may review and approve loan
10 guarantee requests by means of a telephone conference, or in a
11 meeting not open to the public.

12 15355. There is hereby created in the State Treasury the
13 Renewable Energy Loan Loss Reserve Fund. Notwithstanding
14 Section 13340, all money in the fund is continuously appropriated
15 without regard to fiscal years for the support of the agency and
16 shall be available for expenditure for the purposes stated in this
17 article. The fund shall be available for the receipt of federal, state,
18 and local moneys, and private donations.

19 15356. (a) The agency shall determine the percentage of the
20 reserve in the Renewable Energy Loan Loss Reserve Fund required
21 to secure loan guarantees made by the committee. However, in no
22 event shall the reserve be less than 25 percent of the fund.

23 (b) The minimum amount that the agency may guarantee for
24 any renewable energy system is twenty-five thousand dollars
25 (\$25,000) and the maximum amount is two million dollars
26 (\$2,000,000). The agency may elect to lower or raise the minimum
27 or maximum amount if a change is found to be in the best interest
28 of the state.

29 (c) The term of the guaranteed loan shall not exceed the useful
30 life of the renewable energy system or 15 years, whichever is
31 shorter.

32 (d) The amount guaranteed shall not exceed 80 percent of a
33 loan, or an amount equal to the anticipated proportion of
34 renewable fuel usage to fuel the renewable energy system, as
35 authorized by paragraph (2) of subdivision (d) of Section 15351,
36 whichever is less.

37 15357. The agency shall adopt criteria and procedures for the
38 implementation of this article. The criteria and procedures shall
39 be exempt from the requirements of Chapter 3.5 (commencing with
40 Section 11340) of Part 1. The criteria and procedures shall include

provisions for determining the maximum guarantee amount, leverage, percentage guaranteed, guarantee term, and other conditions of a guarantee. In developing the criteria and procedures for the program, the agency may consult with other state agencies, including the State Energy Resources Conservation and Development Commission. A consultation and public comment period shall begin on the effective date of this article, and shall end 30 days thereafter.

15358. (a) The agency shall execute guarantees supported solely by funds in the Renewable Energy Loan Loss Reserve Fund.

(b) No guarantee shall be approved unless the eligible business agrees that all electricity generated by the project will be made available within California at just and reasonable rates, except that electricity may be made available outside California upon approval by the Public Utilities Commission.

15359. (a) The agency shall establish a reasonable schedule of administrative fees, not to exceed 2 percent of the guarantee amount, which shall be paid by the eligible business to reimburse the state for the costs of administering this article, including promotion and outreach.

(b) The agency may expend earnings on the deposits from, or up to 5 percent of, the Renewable Energy Loan Loss Reserve Fund for administrative expenses, for the respective fiscal year including promotion and outreach, in carrying out this chapter.

15360. The agency may contract with any state or other agency, persons, or firms to enable the agency to properly perform the duties of this article.

15361. The state shall not be liable or obligated in any way beyond the money that is allocated to the Renewable Energy Loan Loss Reserve Fund as a result of any loan guarantee under this article.

15362. The agency, with the approval of the Director of Finance, may request the Treasurer to invest the money in the Renewable Energy Loan Loss Reserve Fund. Returns from these investments shall be deposited in the fund and shall be used to support this article.

15362.5. Because of the need to immediately increase the availability of renewable energy sources, it is necessary to implement this article without delay. Therefore, from the effective date of this article, and for a period of 18 months thereafter,

1 Section 10295 and Article 4 (commencing with Section 10335) of
2 Chapter 2 of Part 2 of Division 2 of the Public Contract Code shall
3 not apply to contracts entered into pursuant to this article. Any
4 contract that is entered into during that 18-month period shall be
5 awarded based upon the receipt of at least three bids, and the
6 award shall be based on a combination of the expertise of the
7 bidder, the bid price, and the probability that the services offered
8 will meet the needs of the program.

9 SEC. 4. Chapter 4 (commencing with Section 14420) is added
10 to Division 12 of the Public Resources Code, to read:

11
12 CHAPTER 4. MOBILE EFFICIENCY BRIGADE

13
14 14420. This chapter shall be known and may be cited as the
15 Mobile Efficiency Brigade.

16 14421. The Legislature finds and declares all of the following:

17 (a) California is in the midst of a dramatic energy crisis that
18 calls for both an increase in supply and a significant long-term
19 reduction in demand.

20 (b) Conservation programs require a large mobilization effort
21 across the state, within a short timeframe, in order to affect peak
22 demand anticipated for the summer of 2001 and the subsequent
23 winter.

24 (c) California's low-income households and small businesses
25 require upgrading, modification, and conservation investment in
26 order to assist them in contributing to a reduction in demand that
27 is required statewide.

28 (d) Current state programs can work in conjunction with
29 community-based organizations to significantly penetrate
30 communities and rapidly implement programs aimed at
31 conservation and demand reduction.

32 (e) The state currently has programs operated and
33 administered by the Department of Community Services and
34 Development and the California Conservation Corps, working in
35 conjunction with and through community-based organizations,
36 that can be expanded to assist in the statewide conservation effort
37 initiated through pending programs.

38 (f) To the maximum extent feasible, the expenditure of funds
39 appropriated pursuant to this chapter should be prioritized based

upon immediate benefits in peak energy demand reduction and more efficient use of energy.

14422. As used in this chapter:

(a) “Community-based organization” means a nonprofit corporation that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986.

(b) “Program” means either of the following:

(1) The Energy Conservation Act of 2001 (Chapter 5.3 (commencing with Section 25425) of Division 15).

(2) Energy Conservation Loans to Shopping Centers (Chapter 4.7 (commencing with Section 25370) of Division 15).

(c) “Energy efficient appliance or measure” means anything that meets the federal Energy Star efficiency standards or is 15 percent more efficient than the state or federal energy-efficiency standards.

(d) “Installation” means all labor needed to install energy efficient equipment, including any necessary construction.

(e) “Low-income household,” in the context of the implementation of a specific program, shall be defined as each program specifies. Outside of a specific program, it means households at or below ____ percent of the federal poverty level.

(f) “Small business,” in the context of the implementation of a specific program, shall be defined as each program specifies. Outside of a specific program, it means a licensed business that employs not more than 100 persons.

14423. Notwithstanding any other provision of law, the California Conservation Corps and the Department of Community Services and Development shall expand their current weatherization, energy-efficiency, and rehabilitation programs and assist in the implementation of pending programs as defined in Section 14422, in accordance with the following objectives:

(a) Determine the specifics of program expansion and focus on energy efficiency measures including, but not limited to, energy audits, weatherization including the insulation of doors, windows, walls and ceilings, light bulb replacement with subcompact fluorescent lights, installation of water-saving devices and heater exchanges, minor repairs and retrofits, appliance removal and replacement, and tree planting.

(b) Identify neighborhoods and areas with dense populations that can be easily served in large numbers.

1 (c) Establish qualifications and priorities consistent with the
2 objectives of this chapter for making grants and working with
3 community-based organizations.

4 (d) Establish guidelines for broad geographic distribution
5 across the state, taking into consideration the factors of population
6 density, community need, and seasonal climate conditions.

7 (e) Establish procedures and policies as may be necessary for
8 the administration of this chapter.

9 14424. Any contracts entered into pursuant to this chapter by
10 a state agency are exempt from the following requirements of the
11 Government Code and the Public Contract Code:

12 (a) Services contracts and consulting services contracts are
13 exempt from Article 4 (commencing with Section 10335) of
14 Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

15 (b) All contracts are exempt from Section 10295 of the Public
16 Contract Code, relating to approval from the Department of
17 General Services.

18 (c) All contracts are exempt from Chapter 6 (commencing with
19 Section 14825) of Part 5.5 of Division 3 of Title 2 of the
20 Government Code, relating to advertising.

21 14425. This chapter shall remain in effect only until January
22 1, 2003, and as of that date is repealed, unless a later enacted
23 statute, that is enacted before January 1, 2003, deletes or extends
24 that date.

25 SEC. 5. Chapter 4.7 (commencing with Section 25370) is
26 added to Division 15 of the Public Resources Code, to read:

27
28 CHAPTER 4.7. ENERGY CONSERVATION LOANS TO SHOPPING
29 CENTERS
30

31 25370. The Legislature finds and declares that the use of
32 automatic indoor lighting systems and other energy conservation
33 measures in shopping centers will reduce energy usage without
34 negatively impacting customer experience.

35 25370.5. (a) "Allocation" means a loan of funds by the
36 commission pursuant to the procedures specified in this chapter.

37 (b) "Eligible energy conservation project" means an energy
38 conservation measure, as defined in subdivision (f) of Section
39 25411 or an energy conservation project, as defined in subdivision
40 (g) of Section 25411, that has been determined as appropriate for

1 *the shopping center by an energy audit performed pursuant to*
2 *Section 25371.*

3 (c) “Shopping center,” for purposes of this chapter, means a
4 group of two or more retail stores that use common parking
5 facilities or that open to an enclosed common area or a retail store
6 that is at least 1,500 square feet.

7 25371. (a) An electrical corporation, as defined in Section
8 218 of the Public Utilities Code, or a local publicly owned electric
9 utility, as defined in subdivision (d) of Section 9604 of the Public
10 Utilities Code, shall perform an energy audit for the owner of a
11 shopping center upon the request of the shopping center.

12 (b) Electrical corporations and local publicly owned electric
13 utilities shall perform outreach to inform shopping centers and
14 retail businesses within a shopping center of the availability of
15 energy audits pursuant to subdivision (a).

16 25372. (a) Any owner of a shopping center or a retail
17 business within a shopping center may submit an application to the
18 commission for an allocation for the purpose of financing all, or
19 a portion of, the costs incurred in implementing an eligible energy
20 conservation project. The application shall be in a form and shall
21 contain information that the commission prescribes.

22 (b) The commission may make a loan pursuant to this chapter
23 to a shopping center or a retail business within a shopping center
24 for the purpose of financing all, or a portion of, the costs incurred
25 in implementing an eligible energy conservation project.

26 (c) (1) The commission shall establish procedures for
27 applications and disbursements of allocations.

28 (2) The commission shall establish procedures for repayment of
29 allocations on the basis of the estimated life cycle of the eligible
30 energy conservation project.

31 (3) The commission may establish qualifications and
32 priorities, consistent with the objectives of this chapter, for making
33 allocations.

34 (4) The commission may establish any procedure or policy
35 necessary for the administration of this chapter.

36 (5) The commission shall perform outreach to inform shopping
37 centers and retail businesses within a shopping center of the
38 availability of loans pursuant to subdivision (b).

1 (6) The commission shall limit eligibility for loans made
2 pursuant to subdivision (b) to energy conservation projects that
3 will be implemented no later than October 31, 2001.

4 (d) Notwithstanding any other provision of law, the commission
5 shall periodically set interest rates on the loans based on surveys
6 of existing financial markets and at rates not lower than the Pooled
7 Money Investment Account.

8 25372.5. (a) An allocation made pursuant to this chapter
9 shall be used for the purposes specified in the approved
10 application.

11 (b) If the commission determines that an allocation has been
12 expended for purposes other than those specified in an approved
13 application, it shall immediately request the return of the full
14 amount of the allocation. The shopping center or retail business
15 within a shopping center shall immediately comply with this
16 request.

17 25373. (a) The Energy Conservation Loans to Shopping
18 Centers Account is hereby established in the General Fund.
19 Notwithstanding Section 13340 of the Government Code, the
20 account is continuously appropriated to the commission without
21 regard to fiscal year.

22 (b) The money in the account shall consist of all money
23 authorized or required to be deposited in the account by the
24 Legislature and all money received by the commission pursuant to
25 repayment of the allocations under this chapter.

26 (c) The money in the account shall be disbursed by the
27 Controller for the purposes of this chapter as authorized by the
28 commission.

29 (d) The funds received from repayment of allocations shall be
30 deposited in the account and may be expended by the commission
31 for the purposes of providing allocations pursuant to this chapter;
32 provided, however, that after October 31, 2001, the funds received
33 from the repayment of allocations under this chapter shall be
34 deposited in the General Fund.

35 (e) The commission may annually spend an amount, not to
36 exceed 5 percent of the amount annually deposited in, or
37 transferred to, the account to pay for the actual administrative
38 costs incurred by the commission pursuant to this chapter.

1 (f) *Notwithstanding any other provision of law, any funds in the*
2 *account that are not encumbered by October 31, 2001, shall be*
3 *transferred to the General Fund.*

4 SEC. 6. Chapter 5.3 (commencing with Section 25425) is
5 added to Division 15 of the Public Resources Code, to read:

6
7 CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

8
9 Article 1. General Provisions

10
11 25425. This chapter shall be known, and may be cited, as the
12 Energy Conservation Act of 2001.

13 25426. As used in this article, the following terms have the
14 following meanings:

15 (a) “Commercial refrigeration” means a refrigerator that is not
16 a federally regulated consumer product.

17 (b) “Energy-efficient model” means an appliance that meets
18 federal Energy Star specifications set forth in ____.

19 (c) “Small business” means any small business as defined in
20 paragraph (1) of subdivision (d) of Section 14837 of the
21 Government Code.

22
23 ~~Article 2. — Energy Efficiency Grants~~

24
25 ~~25430. (a) The Legislature finds and declares that California~~
26 ~~is in the midst of an energy crisis that requires both an increase in~~
27 ~~the supply of energy and a reduction in demand.~~

28 ~~(b) It is the intent of the Legislature to establish a~~
29 ~~state-sponsored conservation effort to assist California’s families~~
30 ~~to participate in a solution to the energy crisis by replacing energy~~
31 ~~inefficient models of appliances to reduce energy consumption.~~
32 ~~These conservation investments are vitally important for~~
33 ~~California’s long-term well-being.~~

34 ~~(c) The energy conservation program established under this~~
35 ~~article is intended to be in addition to, rather than to supplant, any~~
36 ~~other existing program.~~

37 ~~25431. (a) The commission shall administer a grant program~~
38 ~~for qualified individuals for the replacement of energy inefficient~~
39 ~~appliances, as provided in subdivision (c), with energy-efficient~~
40 ~~models.~~

~~(b) Any person of low income, as defined in Section 50093 of the Health and Safety Code, is eligible for a grant under the program established under this section. Eligible persons shall also include very low income Section 8 voucher recipients, as defined in Section 50105 of the Health and Safety Code, public housing authorities, and private nonprofit low-income housing corporations.~~

~~(c) A grant shall be equal to 50 percent of the actual cost of the energy efficient model of the appliance not to exceed the following amounts:~~

~~(1) Two hundred dollars (\$200) for a room air conditioner, as defined in subdivision (b) of Section 1601 of Title 20 of the California Code of Regulations.~~

~~(2) Six hundred dollars (\$600) for a central air conditioning heat pump or other central air conditioner, as described in subdivision (c) of Section 1601 of Title 20 of the California Code of Regulations.~~

~~(3) Four hundred dollars (\$400) for a refrigerator or refrigerator freezer, as described in subdivision (a) of Section 1601 of Title 20 of the California Code of Regulations.~~

~~(4) Four hundred dollars (\$400) for a clothes washing machine.~~

~~(d) The amount of the grant received by the grant recipient shall not be reduced pro rata by any other assistance received by the grant recipient for the purchase of an energy efficient appliance to replace an energy inefficient model. However, the cumulative grant shall not exceed 100 percent of the actual cost of the appliance.~~

~~(e) The amount of any grant awarded pursuant to this section to a qualified individual does not constitute income for purposes of calculating the recipient's gross income for the tax year during which the grant is received.~~

~~(f) The commission shall cooperate with state agencies and local community-based organizations to open exchange centers. The staff operating the exchange centers shall do both of the following:~~

~~(1) Assist in the pickup of an old appliance.~~

~~(2) Certify to the commission that the energy inefficient model was or will be destroyed or dismantled in an environmentally sound manner.~~

1 ~~(g) The commission may contract with one or more appropriate~~
2 ~~entities to implement and administer this article.~~

3
4 Article 3 2. Loans and Grants for Construction and Retrofit
5 Projects
6

7 25433. It is the intent of the Legislature to establish incentives
8 in the form of grants and loans to low-income residents, small
9 businesses, and residential property owners for constructing and
10 retrofitting buildings to be more energy efficient by using design
11 elements, including, but not limited to, energy-efficient siding,
12 insulation, and double-paned windows.

13 25433.5. (a) In consultation with the Public Utilities
14 Commission, the commission shall do both of the following for the
15 purpose of full or partial funding of an eligible construction or
16 retrofit project:

17 (1) Establish a grant program to provide financial assistance to
18 eligible low-income individuals.

19 (2) Establish a 2-percent interest per annum loan program to
20 provide financial assistance to a small business owner, residential
21 property owner, or individual who is not eligible for a grant
22 pursuant to paragraph (1), and whose gross annual income does not
23 exceed one hundred thousand dollars (\$100,000).

24 (b) (1) The commission shall use the design guidelines
25 adopted pursuant to Section 25495 as standards to determine
26 eligible energy-efficiency projects.

27 (2) The award of a grant pursuant to this section is subject to
28 appeal to the commission upon a showing that the commission
29 applied factors, other than those adopted by the commission, in
30 making the award.

31 (3) The grant or loan recipient shall commit to using the grant
32 or loan for the purpose for which the grant or loan was awarded.

33 (4) Any action taken by an applicant to apply for, or to become
34 or remain eligible to receive, a grant award, including satisfying
35 conditions specified by the commission, does not constitute the
36 rendering of goods, services, or a direct benefit to the commission.

37 (5) The amount of any grant awarded pursuant to this article to
38 a low-income individual does not constitute income for purposes
39 of calculating the recipient's gross income for the tax year during
40 which the grant is received.

1 25434. The commission may contract with one or more
2 business entities capable of supplying or providing goods or
3 services necessary for the commission to carry out the
4 responsibilities for the programs conducted pursuant to this
5 article, and shall contract with one or more business entities to
6 evaluate the effectiveness of the programs implemented pursuant
7 to subdivision (a) of Section 25433.5. The commission may select
8 an entity on a sole source basis for one or both of those purposes
9 if the cost to the state will be reasonable and the commission
10 determines that it is in the best interest of the state.

11 25435. As used in this article, the following terms have the
12 following meanings:

13 (a) “Eligible construction or retrofit project” means a project
14 for making improvements to a home or building in existence on the
15 effective date of the act adding this section, through an addition,
16 alteration, or repair, which effectively increases the energy
17 efficiency or reduces the energy consumption of the home or
18 building as specified by the commission’s guidelines under
19 Section 25495. The improvements shall be deemed to be
20 cost-effective.

21 (b) “Low income” means an individual with a gross annual
22 income equal to or less than 200 percent of the federal poverty
23 level.

24 (c) “Small business” means any small business as defined in
25 paragraph (1) of subdivision (d) of Section 14837 of the
26 Government Code.

27
28 Article 4 3. Small Business Energy Efficient Refrigeration
29 Loan Program
30

31 25435. The commission shall administer the Small Business
32 Energy Efficient Refrigeration Loan Program, as provided for in
33 Section 25436.

34 25436. (a) Within 45 days of the effective date of this chapter,
35 the commission shall implement a Small Business Energy
36 Efficient Refrigeration Loan Program for qualifying small
37 businesses to purchase and install energy efficient refrigeration
38 equipment.

39 (b) The program shall offer loans at 3 percent interest on terms
40 that will ensure the small business owner will repay the loan over

time, out of the cash flow savings resulting from lower energy bills.

(c) The commission may enter into agreements with lending institutions and qualifying vendors to facilitate making and administering loans. Any loan made by the commission for the purchase of equipment shall be secured against the equipment purchased.

(d) The commission shall adopt regulations establishing procedures for loan applications that will expedite the loan process and accelerate the installation of energy efficient refrigeration equipment.

~~SEC. 2. The sum of two hundred million dollars (\$200,000,000) is hereby appropriated from the General Fund to the State Energy Resources Conservation and Development Commission for allocation in accordance with the following schedule:~~

~~(a) Fifty million dollars (\$50,000,000) shall be expended in accordance with Section 25431 of the Public Resources Code, for a grant program for qualified individuals for the replacement of energy inefficient appliances.~~

~~(b) Fifty million dollars (\$50,000,000) shall be expended in accordance with Article 3 (commencing with Section 25433) of Chapter 5.3 of Division 15 of the Public Resources Code, for a loan or a grant for an eligible construction or retrofit project.~~

~~(c) Fifty million dollars (\$50,000,000) shall be expended pursuant to a voluntary program to purchase time-of-use meters for nonresidential customers who do not have time-of-use meters that distinguish and measure peak and off-peak energy use and whose usage is greater than 100 kilowatts. Any funds remaining after purchasing time-of-use meters for nonresidential customers whose usage is greater than 100 kilowatts shall be made available to purchase time-of-use meters for nonresidential customers who do not have time-of-use meters and whose usage is 100 kilowatts, or less. The commission shall undertake any necessary measures to ensure the replacement of the nonresidential meters with time-of-use meters that distinguish and measure peak and off-peak energy use within a reasonable but short period of time. Notwithstanding any other provision of law, the Public Utilities Commission shall allocate the funds of this subdivision with priority being based on the eligible customers with the highest~~

~~1 kilowatt usage. The Public Utilities Commission shall establish a~~
~~2 time-of-use rate schedule to which nonresidential customers on~~
~~3 time-of-use meters will be subject.~~

~~4 (d) Fifty million dollars (\$50,000,000) shall be expended for~~
~~5 the Small Business Energy Efficient Refrigeration Loan Program~~
~~6 provided for in Section 25436 of the Public Resources Code.~~

SEC. 7. Chapter 5.35 (commencing with Section 25437) is
added to Division 15 of the Public Resources Code, to read:

CHAPTER 5.35. ENERGY EFFICIENCY ASSISTANCE TO LOCAL
GOVERNMENTS

25437. The Legislature finds and declares that there is a
pressing need for focused state funding of local government
investments in energy efficiency. Current loan, grant, and utility
programs do not provide adequate assistance to cities, counties, or
special districts, including school districts. In light of the problems
with energy supply and the potential for permanent energy
reductions in city, county, and special district facilities, it is the
intent of the Legislature to establish a program to fund appropriate
energy efficiency projects.

25437.1. (a) The commission shall administer the grant
program specified in subdivision (b).

(b) The commission may award grants to a city, county, or
special district, including a school district, to fund energy
efficiency and conservation projects in facilities owned by those
entities.

(c) The grants specified in subdivision (b) shall provide up to
50 percent of the cost of energy efficiency and conservation
projects.

(d) For purposes of this section, “energy efficiency and
conservation projects” means an energy conservation measure, as
defined in subdivision (f) of Section 25411, or an energy
conservation project, as defined in subdivision (g) of Section
25411.

25437.2. The commission shall adopt guidelines for the
administration of this chapter. Notwithstanding any other
provision of law, the guidelines adopted under this section are not
regulations subject to the requirements of Chapter 3.5

(commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

25437.3. (a) To ensure that the commission is able to implement the program established by this chapter in the most expeditious manner and at the least cost to the state, all of the following shall apply to the award of grants under this chapter:

(1) Grant awards may be made directly to grantees to implement a project.

(2) Grant awards may be made to a grantee that proposes to implement its program with a group of related or similar projects.

(3) Any action taken by an applicant to apply for, or to become or remain eligible to receive, a grant award, including, but not limited to, satisfying conditions specified by the commission, does not constitute the rendering of goods, services, or a direct benefit to the commission.

(b) Grants may fund administrative expenses incurred by the grantee in administering the grant.

25437.4. To ensure that the grantee is able to award contracts for energy efficiency and conservation projects in the most expeditious manner and at the least cost to the grantee under this chapter, all of the following shall apply to the award of those contracts:

(a) The grantee may solicit applications for contracts using a competitive bid or sole source method.

(b) The grantee may award sole source contracts if the cost to the grantee is reasonable and the grantee determines that it is in the grantee's best interest.

(c) The grantee may award sole source contracts by choosing from among one or more parties capable of supplying or providing goods or services that meet a specified need of the grantee.

(d) The grantee may solicit multiple applications for a sole source contract in order to evaluate the expertise of applicants and select contracts that will best meet the needs of the grantee.

(e) The grantee may contract for technical or administrative services support.

25437.5. (a) The commission shall contract on a sole source basis with one or more parties for the evaluation of the effectiveness of this chapter and Chapter 5.2 (commencing with Section 25410).

(b) Any contract executed by the commission pursuant to subdivision (a) is exempt from the following statutes, and any and all laws, regulations, policies, standard terms and conditions, and certifications related to these statutes are hereby expressly waived:

(1) Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

(2) Section 10295 of the Public Contract Code, relating to approval from the Department of General Services.

(3) Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, relating to advertising.

(c) The commission may delegate, to either the executive director of the commission or a committee of the commission, approval of grants or contracts that do not exceed an amount established by the commission. Grants or contracts greater than that amount shall be approved by the commission.

25437.8. The commission shall report to the Legislature on or before June 29, 2001, and quarterly thereafter, until grant funds have been expended, regarding the progress of the grant program established by this chapter.

SEC. 8. Section 26003 of the Public Resources Code is amended to read:

26003. As used in this division, unless the context otherwise requires:

(a) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority established pursuant to Section 26004, and any board, commission, department, or officer succeeding to the functions of the authority, or to which the powers conferred upon the authority by this division shall be given.

(b) “Cost” as applied to a project or portion thereof financed under this division means all or any part of the cost of construction and acquisition of all lands, structures, real or personal property or an interest therein, rights, rights-of-way, franchises, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved; the cost of all machinery, equipment, and furnishings, financing charges, interest prior to, during, and for a period after, completion of construction as determined by the

1 authority; provisions for working capital; reserves for principal
2 and interest and for extensions, enlargements, additions,
3 replacements, renovations, and improvements; the cost of
4 architectural, engineering, financial, accounting, auditing and
5 legal services, plans, specifications, estimates, administrative
6 expenses, and other expenses necessary or incident to determining
7 the feasibility of constructing any project or incident to the
8 construction, acquisition, or financing of any project.

9 ~~(c) “Participating party” means any city, county, person,~~
10 ~~company, corporation, partnership, firm, or other entity or group~~
11 ~~of entities engaged in operations within this state which require~~
12 ~~financing pursuant to the terms of this division to aid and assist in~~
13 ~~the promotion of alternative energy sources or advanced~~
14 ~~transportation technologies in the state.~~

15 ~~(d)~~ (1) “Alternative sources” means the application of
16 cogeneration technology, as defined in Section 25134; the
17 conservation of energy; or the use of solar, biomass, wind,
18 geothermal, hydroelectricity under 30 megawatts, or any other
19 source of energy, the efficient use of which will reduce the use of
20 fossil and nuclear fuels.

21 (2) “Alternative sources” does not include any hydroelectric
22 facility that does not meet state laws pertaining to the control,
23 appropriation, use, and distribution of water, including, but not
24 limited to, the obtaining of applicable licenses and permits.

25 ~~(e)~~
26 (d) “Advanced transportation technologies” means emerging
27 commercially competitive transportation-related technologies
28 identified by the authority as capable of creating long-term, high
29 value-added jobs for Californians while enhancing the state’s
30 commitment to energy conservation, pollution reduction, and
31 transportation efficiency. Those technologies may include, but are
32 not limited to, any of the following:

- 33 (1) Intelligent vehicle highway systems.
- 34 (2) Advanced telecommunications for transportation.
- 35 (3) Command, control, and communications for public transit
- 36 vehicles and systems.
- 37 (4) Electric vehicles and ultra-low emission vehicles.
- 38 (5) High-speed rail and magnetic levitation passenger systems.
- 39 (6) Fuel cells.
- 40 ~~(f)~~

1 (e) “Financial assistance” includes, but is not limited to,
2 either, or any combination, of the following:

3 (1) Loans, loan loss reserves, interest rate reductions, proceeds
4 of bonds issued by the authority, insurance, guarantees or other
5 credit enhancements or liquidity facilities, contributions of money,
6 property, labor, or other items of value, or any combination
7 thereof, as determined by, and approved by the resolution of, the
8 board.

9 (2) The issuance of authority bonds or the bonds of a special
10 purpose trust used to fund the cost of a project or program for
11 which a participating party is directly or indirectly liable,
12 including, but not limited to, any of the following:

13 (A) Bonds for which the security is provided in whole or in part
14 pursuant to the powers granted by this division.

15 (B) Bonds for which the authority has provided a guarantee or
16 enhancement.

17 (C) Any other type of assistance the authority determines is
18 appropriate.

19 (f) “Participating party” means either of the following:

20 (1) Any person or any entity or group of entities engaged in
21 business or operations in the state, whether organized for profit or
22 not for profit, that applies for financial assistance from the
23 authority for the purpose of implementing a project in a manner
24 prescribed by the authority.

25 (2) Any public agency or nonprofit corporation that applies for
26 financial assistance from the authority for the purpose of
27 implementing a project in a manner prescribed by the authority.

28 (g) “Project” means any land, building, improvement thereto,
29 rehabilitation, work, property, or structure, real or personal,
30 stationary or mobile, including, but not limited to, machinery and
31 equipment, whether or not in existence or under construction, that
32 utilizes, or is designed to utilize, an alternative source, or that is
33 utilized for the design, technology transfer, manufacture,
34 production, assembly, distribution, or service of advanced
35 transportation technologies.

36 ~~(g)~~

37 (h) “Public agency” means any federal or state agency, board,
38 or commission, or any county, city and county, city, regional
39 agency, public district, or other political subdivision.

(i) (1) “Renewable energy” means any device or technology that conserves or produces heat, processes heat, space heating, water heating, steam, space cooling, refrigeration, mechanical energy, electricity, or energy in any form convertible to these uses, that does not expend or use conventional energy fuels, and that uses any of the following electrical generation technologies:

(A) Biomass.

(B) Solar thermal.

(C) Photovoltaic.

(D) Wind.

(E) Geothermal.

(2) For purposes of this subdivision, “conventional energy fuel” means any fuel derived from petroleum deposits, including, but not limited to, oil, heating oil, gasoline, fuel oil, or natural gas, including liquefied natural gas, or nuclear fissionable materials.

(3) Notwithstanding paragraph (1), “renewable energy” also means ultra-low emission equipment for energy generation based on thermal energy systems such as natural gas turbines.

(j) “Revenue” means all rents, receipts, purchase payments, loan repayments, and all other income or receipts derived by the authority from the sale, lease, or other disposition of alternative source or advanced transportation technology facilities, or the making of loans to finance alternative source or advanced transportation technology facilities, and any income or revenue derived from the investment of any money in any fund or account of the authority.

~~(h) “Public agency” means any federal or state agency, board, or commission, or any county, city and county, city, regional agency, public district, or other political subdivision.~~

SEC. 9. Section 26011.5 of the Public Resources Code is amended to read:

26011.5. The authority shall establish criteria for the selection of projects to receive financing assistance from the authority. In the selection of projects, the authority shall, in accordance with the legislative intent, provide financial assistance under this division in a manner consistent with sound financial practice. In developing project selection criteria, the authority shall consider, but not be limited to, all of the following:

(a) The technological feasibility of the projects.

(b) The economic soundness of the projects and a realistic expectation that all financial obligations can and will be met by the participating parties.

(c) The contribution that the projects can make to a reduction or more efficient use of fossil fuels.

(d) *The contribution that the project can make toward diversifying California's energy resources by fostering renewable energy systems that can substitute, or preferably eliminate, the demand for conventional energy fuels.*

(e) Any other such factors that the authority finds significant in achieving the purposes and objectives of this division.

SEC. 10. *Section 26011.6 is added to the Public Resources Code, to read:*

26011.6. (a) *The authority shall establish a renewable energy loan program to provide 3 percent per annum loans to public power entities, independent generators, utilities, or businesses manufacturing components or systems, or both, to generate new and renewable energy sources, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies, such as solar, photovoltaic, wind, and ultra-low emission equipment. The authority shall give preference to utility-scale projects that can be rapidly deployed to provide a significant contribution as a renewable energy supply.*

(b) *The authority shall make every effort to expedite the operation of renewable energy systems, and shall adopt regulations for purposes of this section and Sections 26011.5 and 26011.7 as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding the 120-day limitation specified in subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the authority complies with Sections 11346.2 to 11347.3, inclusive, as provided in subdivision (e) of Section 11346.1 of the Government Code.*

(c) *The authority shall consult with the State Energy Resources Conservation and Development Commission regarding the financing of projects to avoid duplication of other renewable energy projects.*

(d) *The authority shall report the results of its program to the Legislature on or before March 1, 2002, and annually thereafter.*

SEC. 11. *Section 739 of the Public Utilities Code is amended to read:*

739. (a) The commission shall designate a baseline quantity of gas and electricity which is necessary to supply a significant portion of the reasonable energy needs of the average residential customer. In estimating those quantities, the commission shall take into account differentials in energy needs between customers whose residential energy needs are currently supplied by electricity alone or by both electricity and gas. The commission shall develop a separate baseline quantity for all-electric residential customers. For these purposes, "all-electric residential customers" are residential customers having electrical service only or whose space heating is provided by electricity, or both. The commission shall also take into account differentials in energy use by climatic zone and season.

(b) (1) The commission shall establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life-support equipment, including, but not limited to, emphysema and pulmonary patients. A residential customer dependent on life-support equipment shall be given a higher energy allocation than the average residential customer.

(2) "Life-support equipment" means that equipment which utilizes mechanical or artificial means to sustain, restore, or supplant a vital function, or mechanical equipment which is relied upon for mobility both within and outside of buildings. "Life-support equipment," as used in this subdivision, includes all of the following: all types of respirators, iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPPB machines, and motorized wheelchairs.

(3) The limited additional allowance shall also be made available to paraplegic and quadriplegic persons in consideration of the increased heating and cooling needs of those persons.

(4) The limited additional allowance shall also be made available to multiple sclerosis patients in consideration of the increased heating and cooling needs of those persons.

(5) The limited additional allowance shall also be made available to scleroderma patients in consideration of the increased heating needs of those persons.

(6) The limited allowance shall also be made available to persons who are being treated for a life-threatening illness or have a compromised immune system, provided that a licensed physician and surgeon or a person licensed pursuant to the Osteopathic Initiative Act certifies in writing to the utility that the additional heating or cooling allowance, or both, made available pursuant to this subdivision is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

(c) (1) The commission shall require that every electrical and gas corporation file a schedule of rates and charges providing baseline rates. The baseline rates shall apply to the first or lowest block of an increasing block rate structure which shall be the baseline quantity. In establishing these rates, the commission shall avoid excessive rate increases for residential customers, and shall establish an appropriate gradual differential between the rates for the respective blocks of usage *for gas rates*.

(2) In establishing residential electric and gas rates, including baseline rates, the commission shall assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable *and while observing the principle that conservation is desirable in order to maintain an affordable bill*.

(3) *Notwithstanding any other provision of law, the commission shall require each electrical corporation to establish a three-tier, increasing block rate structure for residential electric customers at the earliest practicable date. The second-tier rate shall apply to usage between the baseline quantity and an amount equal to at least twice the baseline quantity. The commission may establish*

the amount of usage subject to the second-tier rate at more than twice the baseline quantity in certain climate zones in order to assure that approximately the same percentage of customer usage in each climate zone is subject to the third-tier rate. The implementation of the three-tier rate structure is not intended to impact the allocation of costs among the various customer classes.

(4) The commission shall ensure that after implementing the charges required by this section, residential consumption up to 130 percent of the baseline quantity is protected from any bill increases consistent with the terms of Section 80110 of the Water Code. The commission may reduce the baseline rate in order to achieve this objective.

(5) At least until December 31, 2003, the commission shall require that all charges for residential electric customers are volumetric, and shall prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption, unless those charges are in place prior to the effective date of the act that added this paragraph.

(d) As used in this section:

(1) “Baseline quantity” means a quantity of electricity or gas for residential customers to be established by the commission based on from 50 to 60 percent of average residential consumption of these commodities, except that, for residential gas customers and for all-electric residential customers, the baseline quantity shall be established at from 60 to 70 percent of average residential consumption during the winter heating season. In establishing the baseline quantities, the commission shall take into account climatic and seasonal variations in consumption and the availability of gas service. The commission shall review and revise baseline quantities as average consumption patterns change in order to maintain these ratios.

(2) “Residential customer” means those customers receiving electrical or gas service pursuant to a domestic rate schedule and excludes industrial, commercial, and every other category of customer.

(e) Wholesale electrical or gas purchases, and the rates charged therefor, are exempt from this section.

(f) Nothing contained in this section shall be construed to prohibit experimentation with alternative gas or electrical rate schedules for the purpose of achieving energy conservation.

1 SEC. 12. Section 739.10 is added to the Public Utilities Code,
2 to read:

3 739.10. The commission shall, upon its own motion, or upon
4 the application of an electrical corporation, make , on a periodic
5 basis, for residential customers, adjustments that are necessary to
6 eliminate any linkage between the recovery of an electrical
7 corporation's authorized revenues and its electrical sales.

8 SEC. 13. Section 739.11 is added to the Public Utilities Code,
9 to read:

10 739.11. (a) For nonresidential customers whose usage is
11 above 100 kilowatts, but do not currently have time-of-use meters
12 in place, the commission shall undertake any necessary measures
13 to allow for the replacement of those nonresidential meters with
14 time-of-use meters.

15 (b) Nonresidential customers on time-of-use meters are subject
16 to a time-of-use rate schedule.

17 (c) Time-of-use meters identified as having received compliant
18 commission certification are the only meters considered eligible
19 for purposes of this section consist of those certified products
20 found on the commission website which are permitted pursuant to
21 commission Decision No. 98-12-008.

22 SEC. 14. Section 2827 of the Public Utilities Code is amended
23 to read:

24 2827. (a) The Legislature finds and declares that a program
25 to provide net energy metering for eligible customer-generators is
26 one way to encourage *substantial* private investment in renewable
27 energy resources, stimulate in-state economic growth, *reduce*
28 demand for electricity during peak consumption periods, help
29 stabilize California's energy supply infrastructure, enhance the
30 continued diversification of California's energy resource mix, and
31 reduce interconnection and administrative costs for electricity
32 suppliers.

33 (b) As used in this section, the following definitions apply:

34 (1) "Electric service provider" means an ~~electric~~ *electrical*
35 corporation, as defined in Section 218, a local publicly owned
36 electric utility, as defined in Section 9604, or an electrical
37 cooperative, as defined in Section 2776. ~~"Electric service~~
38 ~~provider" also means an, or any other entity that offers electrical~~
39 ~~service to residential and small commercial customers, as defined~~
40 ~~in Section 394, if that entity offers net energy metering. Any entity~~

~~that offers net energy metering to residential and small commercial customers shall comply with this section.~~

(2) “Eligible customer-generator” means a residential customer, ~~or a~~, small commercial customer as defined in subdivision (h) of Section 331, *commercial, industrial, or agricultural customer* of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than ~~10 kilowatts~~ *one megawatt* that is located on the customer’s *owned, leased, or rented* premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer’s own electrical requirements.

(3) “Net energy metering” means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (e). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (e), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

~~(4) “Ratemaking authority” means, for an electrical corporation as defined in Section 218, or an electrical cooperative as defined in Section 2776, the commission, and for a local~~

1 ~~publicly owned electric utility as defined in Section 9604, the local~~
2 ~~elected body responsible for regulating the rates of the utility.~~

3 (c) (1) Every electric service provider shall develop a standard
4 contract or tariff providing for net energy metering, and shall make
5 this contract available to eligible customer-generators, upon
6 request, ~~on a first-come-first-served basis until the time that the~~
7 ~~total rated generating capacity used by eligible~~
8 ~~customer-generators equals one-tenth of 1 percent of the electric~~
9 ~~service provider's aggregate customer peak demand.~~

10 (2) ~~On an annual basis, beginning in 1999, every electric~~
11 ~~service provider shall make available to the ratemaking authority~~
12 ~~information on the total rated generating capacity used by eligible~~
13 ~~customer-generators that are customers of that provider in the~~
14 ~~provider's service area. For those electric service providers who~~
15 ~~are operating pursuant to Section 394, they shall make available~~
16 ~~to the ratemaking authority the information required by this~~
17 ~~paragraph for each eligible customer-generator that is their~~
18 ~~customer for each service area of an electric corporation, local~~
19 ~~publicly owned electric utility, or electrical cooperative, in which~~
20 ~~the customer has net energy metering. The ratemaking authority~~
21 ~~shall develop a process for making the information required by this~~
22 ~~paragraph available to energy service providers, and for using that~~
23 ~~information to determine when, pursuant to paragraph (3), a~~
24 ~~service provider is not obligated to provide net energy metering to~~
25 ~~additional customer-generators in its service area.~~

26 (3) ~~Notwithstanding paragraph (1), an electric service provider~~
27 ~~is not obligated to provide net energy metering to additional~~
28 ~~customer-generators in its service area when the combined total~~
29 ~~peak demand of all customer-generators served by all the electric~~
30 ~~service providers in that service area furnishing net energy~~
31 ~~metering to eligible customer-generators equals one-tenth of 1~~
32 ~~percent of the aggregate customer peak demand of those electric~~
33 ~~service providers.~~

34 (4)

35 (2) If a customer participates in direct transactions pursuant to
36 paragraph (1) of subdivision (b) of Section 365 with an electric
37 supplier that does not offer net energy metering and is therefore not
38 an electric service provider, ~~the customer is not an eligible~~
39 ~~customer-generator and provide distribution service for the direct~~
40 ~~transactions,~~ the electric corporation, as defined in Section 218,

that provides distribution service for ~~the direct transactions~~, *an eligible customer-generator* is not obligated to provide net energy metering to the customer.

(5)

(3) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier ~~that offers net energy metering and is therefore an electric service provider~~, and the customer is an eligible customer-generator, the ~~electric~~ *electrical* corporation, as defined in Section 218, that provides distribution service for the direct transactions may recover from the customer's electric service provider the incremental costs of metering and billing service related to net energy metering in an amount set by the commission.

(d) Each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if such customer was not an eligible customer-generator *except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility, unless the commission adopts charges pursuant to paragraph (4) of subdivision (g).* The charges for all retail rate components for eligible customer-generators shall be based exclusively on the customer-generator's net kilowatthour consumption over a 12-month period, without regard to the customer-generator's choice of electric service provider ~~that offers net energy metering and is subject to this section pursuant to paragraph (1) of subdivision (b), in accordance with subdivision (e).~~ Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other charge that would increase an eligible customer-generator's costs beyond those of other customers in the rate class to which the eligible customer-generator would otherwise be assigned are contrary to the intent of this legislation, and shall not form a part of net energy metering contracts or tariffs.

~~(e) The~~ *For eligible residential and small commercial customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid*

1 over a 12-month period. The following rules shall apply to the
2 annualized net metering calculation:

3 (1) The eligible *residential or small commercial*
4 customer-generator shall, at the end of each 12-month period
5 following the date of final interconnection of the eligible
6 customer-generator's system with an electric service provider, and
7 at each anniversary date thereafter, be billed for electricity used
8 during that period. The electric service provider shall determine if
9 the eligible *residential or small commercial* customer-generator
10 was a net consumer or a net producer of electricity during that
11 period.

12 (2) At the end of each 12-month period, where the electricity
13 supplied during the period by the electric service provider exceeds
14 the electricity generated by the eligible *residential or small*
15 *commercial* customer-generator during that same period, the
16 eligible *residential or small commercial* customer-generator is a
17 net electricity consumer and the electric service provider shall be
18 owed compensation for the eligible customer-generator's net
19 kilowatthour consumption over that same period. The
20 compensation owed for the eligible *residential or small*
21 *commercial* customer-generator's ~~net 12-month kilowatthour~~
22 consumption shall be calculated as follows:

23 (A) For *all* eligible customer-generators taking service under
24 tariffs employing "baseline" and "over baseline" rates, any net
25 monthly consumption of electricity shall be calculated according
26 to the terms of the contract or tariff to which the same customer
27 would be assigned to or be eligible for if the customer was not an
28 eligible customer-generator. If those same customer-generators
29 are net generators over a billing period, the net kilowatthours
30 generated shall be valued at the same price per kilowatthour as the
31 electric service provider would charge for the baseline quantity of
32 electricity during that billing period, and if the number of
33 kilowatthours generated exceeds the baseline quantity, the excess
34 shall be valued at the same price per kilowatthour as the electric
35 service provider would charge for electricity over the baseline
36 quantity during that billing period.

37 (B) For *all* eligible customer-generators taking service under
38 tariffs employing "time of use" rates, any net monthly
39 consumption of electricity shall be calculated according to the
40 terms of the contract or tariff to which the same customer would



1 be assigned to or be eligible for if the customer was not an eligible
2 customer-generator. When those same customer-generators are
3 net generators during any discrete time of use period, the net
4 kilowatthours produced shall be valued at the same price per
5 kilowatthour as the electric service provider would charge for
6 retail kilowatthour sales during that same time of use period. If the
7 eligible customer-generator's time of use electrical meter is unable
8 to measure the flow of electricity in two directions, paragraph (3)
9 of subdivision (b) shall apply.

10 (C) For all *residential and small commercial*
11 customer-generators and for each monthly period, the net balance
12 of moneys owed to the electric service provider for net
13 consumption of electricity or credits owed to the
14 customer-generator for net generation of electricity shall be
15 carried forward until the end of each 12-month period. *For all*
16 *commercial, industrial, and agricultural customer-generators the*
17 *net balance of moneys owed shall be paid in accordance with the*
18 *electric service provider's normal billing cycle.*

19 (3) At the end of each 12-month period, where the electricity
20 generated by the eligible *residential or small commercial*
21 customer-generator during the 12-month period exceeds the
22 electricity supplied by the electric service provider during that
23 same period, the eligible *residential or small commercial*
24 customer-generator is a net electricity producer and the electric
25 service provider shall retain any excess kilowatthours generated
26 during the prior *residential or small commercial* 12-month period.
27 The eligible *residential or small commercial* customer-generator
28 shall not be owed any compensation for those excess
29 kilowatthours unless the electric service provider enters into a
30 purchase agreement with the eligible customer-generator for those
31 excess kilowatthours.

32 (4) The electric service provider shall provide every eligible
33 *residential or small commercial* customer-generator with net
34 electricity consumption information with each regular bill. That
35 information shall include the current monetary balance owed the
36 electric service provider for net electricity consumed since the last
37 12-month period ended. Notwithstanding subdivision (e), an
38 electric service provider shall permit that customer to pay monthly
39 for net energy consumed.

(5) If an eligible *residential or small commercial* customer-generator terminates the customer relationship with the electric service provider, the electric service provider shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(6) If an electric service provider providing net metering to a *residential or small commercial* customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, shall commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

(f) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability. A customer-generator whose solar or wind turbine electrical generating system, or a hybrid system of both, meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(g) *The commission shall do all of the following:*

(1) *Track standby and interconnection costs that otherwise would be assessed to consumers with eligible net metering of greater than 10 kilowatts of nameplate capacity.*

(2) *Track system and local benefits provided by eligible net metered end-use consumers.*

(3) *Determine which benefits conveyed by eligible net metered consumers are feasible to track or to estimate, and how to do so.*

(4) *By June 1, 2003, adopt standby charges that accurately reflect the reasonable costs and benefits conveyed by solar or wind self-generation.*

1 *SEC. 15. No reimbursement is required by this act pursuant*
2 *to Section 6 of Article XIII B of the California Constitution for*
3 *certain costs that may be incurred by a local agency or school*
4 *district because in that regard this act creates a new crime or*
5 *infraction, eliminates a crime or infraction, or changes the penalty*
6 *for a crime or infraction, within the meaning of Section 17556 of*
7 *the Government Code, or changes the definition of a crime within*
8 *the meaning of Section 6 of Article XIII B of the California*
9 *Constitution.*

10 *However, notwithstanding Section 17610 of the Government*
11 *Code, if the Commission on State Mandates determines that this*
12 *act contains other costs mandated by the state, reimbursement to*
13 *local agencies and school districts for those costs shall be made*
14 *pursuant to Part 7 (commencing with Section 17500) of Division*
15 *4 of Title 2 of the Government Code. If the statewide cost of the*
16 *claim for reimbursement does not exceed one million dollars*
17 *(\$1,000,000), reimbursement shall be made from the State*
18 *Mandates Claims Fund.*

19 *SEC. 16. The sum of four hundred five million one hundred*
20 *fifty thousand dollars (\$405,150,000) is hereby appropriated or*
21 *reappropriated to the Controller from the following sources:*

22 *(a) Twenty-five million one hundred fifty thousand dollars*
23 *(\$25,150,000) from the Proposition 98 Reversion Account,*
24 *reappropriated on a one-time basis from the Proposition 98*
25 *Reversion Account from moneys appropriated in the 2000–01*
26 *fiscal year to community colleges.*

27 *(b) Three hundred eighty million dollars (\$380,000,000) from*
28 *the General Fund.*

29 *(c) The moneys reappropriated from the Proposition 98*
30 *Reversion Account shall be allocated to the Chancellor of the*
31 *California Community Colleges who shall allocate those funds as*
32 *follows:*

33 *(1) Twenty-three million dollars (\$23,000,000) to be expended*
34 *for the purposes of implementing Article 2 (commencing with*
35 *Section 81610) of Chapter 3 of Part 49 of Division 7 of Title 3 of*
36 *the Education Code. The Chancellor shall allocate the funds in this*
37 *paragraph to all community college districts statewide in an*
38 *amount equivalent to a district's share of the total gross square*
39 *footage of all permanent structures reported on the system's*
40 *October 2000 Space Inventory Report. Notwithstanding any other*

1 *provision of law, due to the urgent need to realize the necessary*
2 *energy savings by the summer of 2001 these funds shall be made*
3 *available to the districts within one week of the effective date of this*
4 *act. Any funds allocated pursuant to this paragraph that are*
5 *unencumbered by October 30, 2001, shall revert to the General*
6 *Fund on that date.*

7 (2) *Two million dollars (\$2,000,000) for a community college*
8 *district to construct a sustainable green instructional building.*
9 *The projected energy systems for this building shall reduce its*
10 *demand on primary energy sources to a level of 40 to 50 percent*
11 *below the current Title 24 (Version 98) of the California Code of*
12 *Regulations including building energy design performance and*
13 *onsite power generation and or the equivalent level in future*
14 *versions of Title 24. A minimum of ten million dollars*
15 *(\$10,000,000) of the total project costs shall be derived from*
16 *nonstate resources. Preliminary plans for this building shall be*
17 *completed, and working drawings approved, by the State Architect*
18 *before the end of the 2001–02 fiscal year.*

19 (3) *One hundred fifty thousand dollars (\$150,000) as a grant*
20 *to the Community College League of California to provide a*
21 *statewide database of community college district utility usage for*
22 *immediate application. The data base shall be accessible to the*
23 *Chancellor's Office of the California Community Colleges as well*
24 *as to all community college districts statewide to assist in*
25 *conservation, facilities planning and energy management. The*
26 *data base shall track the usage of electricity and natural gas, and*
27 *may track the usage of water, sewer and other utilities. The data*
28 *base shall further provide an ongoing audit of utility billings to*
29 *check for billing errors and to ensure that districts recover*
30 *potential billings that exceed cost of actual usage.*

31 (d) *The moneys appropriated from the General Fund shall be*
32 *allocated as follows:*

33 (1) *The sum of forty million dollars (\$40,000,000) shall be*
34 *deposited in the Renewable Energy Loan Loss Reserve Fund.*

35 (2) (A) *The sum of forty million dollars (\$40,000,000) shall be*
36 *allocated to the California Conservation Corps for costs*
37 *associated with the purchase, distribution, and installation of*
38 *subcompact fluorescent lights and water-saving devices. It is the*
39 *intent of the Legislature that the California Conservation Corps*

1 complete the distribution of the purchased materials by August 31,
2 2001.

3 (B) The California Conservation Corps, in implementing the
4 provisions of subparagraph (A), shall consult with the Department
5 of Community Services and Development, and shall provide for
6 broad geographic distribution of the purchased materials
7 throughout the state, identify neighborhoods and areas with dense
8 populations that can easily be served in large numbers, and take
9 into account community need.

10 (C) The California Conservation Corps shall report to the
11 Legislature on or before October 31, 2001, on the use of the funds
12 allocated pursuant to this paragraph, the cost-effectiveness of the
13 activities, and the number of homes and businesses reached.

14 (3) The sum of twenty-five million dollars (\$25,000,000) shall
15 be deposited in the Energy Conservation Loans to Shopping
16 Centers Account, for expenditure by the State Energy Resources
17 Conservation and Development Commission for the purposes of
18 outreach and the allocation of loans pursuant to Chapter 4.7
19 (commencing with Section 25370) of Division 15 of the Public
20 Resources Code.

21 (4) The sum of one hundred and fifty million dollars
22 (\$150,000,000) shall be allocated to the State Energy Resources
23 Conservation and Development Commission for allocation in
24 accordance with the following schedule:

25 (A) Fifty million dollars (\$50,000,000) shall be expended in
26 accordance with Article 2 (commencing with Section 25433) of
27 Chapter 5.3 of Division 15 of the Public Resources Code, for a loan
28 or a grant for an eligible construction or retrofit project.

29 (B) Fifty million dollars (\$50,000,000) shall be expended
30 pursuant to a voluntary program to purchase time-of-use meters
31 for nonresidential customers who do not have time-of-use meters
32 that distinguish and measure peak and off-peak energy use and
33 whose usage is greater than 100 kilowatts. Any funds remaining
34 after purchasing time-of-use meters for nonresidential customers
35 whose usage is greater than 100 kilowatts shall be made available
36 to purchase time-of-use meters for nonresidential customers who
37 do not have time-of-use meters and whose usage is 100 kilowatts,
38 or less. The Public Utilities Commission shall undertake any
39 necessary measures to ensure the replacement of the
40 nonresidential meters with time-of-use meters that distinguish and

1 *measure peak and off-peak energy use within a reasonable but*
2 *short-period of time. Notwithstanding any other provision of law,*
3 *the Public Utilities Commission shall allocate the funds in this*
4 *subparagraph with priority being based on the eligible customers*
5 *with the highest kilowatt usage. The Public Utilities Commission*
6 *shall establish a time-of-use rate schedule to which nonresidential*
7 *customers on time-of-use meters will be subject.*

8 *(C) Fifty million dollars (\$50,000,000) shall be expended for*
9 *the Small Business Energy Efficient Refrigeration Loan Program*
10 *provided for in Section 25436 of the Public Resources Code.*

11 *(5) The sum of fifty million dollars (\$50,000,000) shall be*
12 *allocated as follows:*

13 *(A) Twenty-five million dollars (\$25,000,000) shall be*
14 *deposited in the State Energy Conservation Assistance Account*
15 *created by Section 25416 of the Public Resources Code for*
16 *expenditure by the State Energy Resources Conservation and*
17 *Development Commission to provide loans pursuant to Chapter*
18 *5.2 (commencing with Section 25410) of Division 15 of the Public*
19 *Resources Code.*

20 *(B) Twenty-five million dollars (\$25,000,000) shall be*
21 *allocated to the State Energy Resources Conservation and*
22 *Development Commission to provide grants consistent with the*
23 *purposes of Chapter 5.2 (commencing with Section 25410) of*
24 *Division 15 of the Public Resources Code.*

25 *(C) The State Energy Resources Conservation and*
26 *Development Commission shall deem any applicant determined to*
27 *be eligible for a loan from the funds provided in subparagraph (A)*
28 *to be eligible for a grant from the funds provided in subparagraph*
29 *(B). The amount of the grant awarded to any applicant shall equal*
30 *50 percent of the approved loan amount. The actual amount of the*
31 *loan provided to any applicant shall be reduced by an amount*
32 *equal to the grant amount.*

33 *(D) In allocating the funds pursuant to this paragraph, the*
34 *State Energy Resources Conservation and Development*
35 *Commission shall give priority to applications for energy*
36 *conservation projects or energy conservation measures that can be*
37 *completed before September 1, 2001.*

38 *(6) The sum of twenty-five million dollars (\$25,000,000) shall*
39 *be allocated to the California Alternative Energy and Advanced*

Transportation Financing Authority for the purpose of implementing Section 26011.6 of the Public Resources Code.

(7) (A) The State Energy Resources Conservation and Development Commission shall expand programs to promote clean distributed generation technologies neither owned nor controlled by electrical corporations. Pursuant to subparagraphs (B) and (C), the incentives that the commission shall develop pursuant to this section shall address existing barriers to the increased use of these technologies, including, but not limited to, incentives to help reduce the initial system purchase price, develop low-cost financing mechanisms, offset interconnection fees charged by electrical corporations, and streamline the utility interconnection process by reducing administrative delay.

(B) The sum of thirty million dollars (\$30,000,000) shall be deposited in the Emerging Renewable Resources Account in the Renewable Resource Trust Fund established pursuant to Section 445 of the Public Utilities Code. Notwithstanding Section 13340 of the Government Code, the money deposited in the Emerging Renewable Resources Account by this subparagraph is hereby continuously appropriated to the State Energy Resources Conservation and Development Commission, without regard to fiscal year, for the purposes specified in subparagraph (C).

(C) The money allocated pursuant this paragraph may be expended by the commission only for the following purposes:

(i) Twenty-two million dollars (\$22,000,000) for an increase in the rebate amount available for small distributed emerging technologies that are eligible for funding pursuant to subdivision (d) of Section 383.5 of the Public Utilities Code that have a peak generating capacity of 10 kilowatts or less. The commission shall determine the maximum rebate level for small systems to be awarded pursuant to this clause. Within the maximum rebate level, the commission may provide for different rebate levels, such as higher rebate levels for systems installed and operational within a specified timeframe, or for targeted end-use customers that need additional financial support, such as for public schools and state and local governmental facilities.

(ii) Eight million dollars (\$8,000,000) for rebates for small distributed emerging technologies that are eligible for funding pursuant to subdivision (d) of Section 383.5 of the Public Utilities Code that have a peak generating capacity of 10 kilowatts or less

1 and that are located at a customer site receiving distribution
2 service from a local publicly owned electric utility, as defined in
3 Section 9604 of the Public Utilities Code. The commission shall
4 determine the maximum rebate level for small systems to be
5 awarded pursuant to this clause. Within the maximum rebate level,
6 the commission may provide for different rebate levels, such as
7 higher rebate levels for systems installed and operational within
8 a specified timeframe, or for targeted end-use customers that need
9 additional financial support, such as for public schools and state
10 and local governmental facilities.

11 (D) Notwithstanding subdivision (d) of Section 383.5 of the
12 Public Utilities Code, the commission may increase the maximum
13 rebate levels for distributed emerging technologies eligible for
14 funding under subdivision (d) of Section 383.5 of the Public
15 Utilities Code that have a peak generating capacity greater than
16 10 kilowatts, if the commission determines that an increase is
17 appropriate to further stimulate the installation of emerging
18 renewable technologies in general or for targeted end-use
19 customers that need additional financial support, such as public
20 schools and state and local governmental facilities. The maximum
21 incentive levels established by the commission may vary based on
22 system size and type of end-use consumer.

23 (E) For purposes of this paragraph, 'commission' means the
24 State Energy Resources Conservation and Development
25 Commission.

26 (8) (A) The sum of twenty million dollars (\$20,000,000) shall
27 be allocated to the Department of Community Services and
28 Development for low-income weatherization programs. These
29 funds represent an amount equal to the allocation of federal funds
30 to California for the Low-Income Home Energy Assistance
31 Program (LIHEAP) and the Department of Energy Low-Income
32 Weatherization Assistance Program (DOE-LIWAP) for the 2001
33 federal fiscal year.

34 (B) Notwithstanding any other provision of law, moneys
35 allocated pursuant to subparagraph (A) may be allocated to
36 community-based organizations approved either by the federal
37 government or by the Department of Community Services and
38 Development.

39 ~~SEC. 3.~~

1 *SEC. 18.* This act is an urgency statute necessary for the
2 immediate preservation of the public peace, health, or safety
3 within the meaning of Article IV of the Constitution and shall go
4 into immediate effect. The facts constituting the necessity are:

5 ~~In order to implement energy conservation programs to address~~
6 ~~the energy crisis of the winter of 2001 as soon as possible, it is~~

7 *In order to prevent rolling blackouts, and the shortage of*
8 *electrical generating capacity in the state that endangers the*
9 *health, welfare, and safety of the people of this state, it is necessary*
10 that this act take effect immediately.

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